



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-81-11**

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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

Application by the FortisBC Energy Utilities  
(comprising FortisBC Energy Inc., FortisBC Energy Inc. Fort Nelson Service Area,  
FortisBC Energy (Whistler) Inc., and FortisBC Energy (Vancouver Island) Inc.)  
for Approval of 2012 and 2013 Natural Gas Rates

**BEFORE:** D.A. Cote, Panel Chair/Commissioner  
A.A. Rhodes, Commissioner May 6, 2011  
N.E. MacMurchy, Commissioner

### **ORDER**

#### **WHEREAS:**

- A. On May 4, 2011, the FortisBC Energy Utilities (FEU or the Companies) filed an Application for their combined Revenue Requirements for FortisBC Energy Inc. (FEI), the Fort Nelson Service Area of FEI (Fort Nelson), FortisBC Energy (Whistler) Inc. (FEW ), and FortisBC Energy (Vancouver Island) Inc. (FEVI), and for approval of interim and permanent natural gas delivery rates effective January 1, 2012 and permanent rates effective January 1, 2013, pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act* (the Act), with any variance between 2012 interim rates and permanent rates to be refunded to or collected from customers by way of a rate rider following the approval of 2012 permanent rates;
- B. FEI seeks, among other things, approval, pursuant to sections 59 to 61 of the Act, of a permanent natural gas delivery rate increase of 5.0 percent effective January 1, 2012 and a further 6.4 percent permanent increase effective January 1, 2013 representing an annual average lower mainland residential customer total bill increase of 2.4 percent in 2012 and a further 3.0 percent increase in 2013;
- C. FEI further seeks approval of the Rate Stabilization Adjustment Mechanism (RSAM) rider for applicable rate classes and approval of the cost allocation to Thermal Energy Services (previously referred to as Alternative Energy Services) as set out in the Application;
- D. Fort Nelson region, seeks, among other things, approval pursuant to sections 59 to 61 of the Act, of a permanent natural gas delivery rate increase of 6.5 percent effective January 1, 2012 and a further 1.6 percent permanent increase effective January 1, 2013, representing an annual average Fort Nelson residential customer total bill increase of 2.3 percent in 2012 and a further 0.6 percent increase in 2013.

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Fort Nelson also seeks approval of the Rate Stabilization Adjustment Mechanism (RSAM) rider for applicable rate classes as set out in the Application;

- E. FEW seeks, among other things, approval, pursuant to sections 59 to 61 of the Act, of a permanent natural gas delivery rate increase of 2.2 percent effective January 1, 2012 and a further 11.9 percent permanent increase effective January 1, 2013, representing an annual average residential customer total bill increase of 1.5 percent in 2012 and a further 7.1 percent increase in 2013, and approval of the Rate Stabilization Adjustment Mechanism (RSAM) rider for applicable rate classes as set out in the Application;
- F. FEVI seeks, among other things, approval, pursuant to sections 59 to 61 of the Act and section 2.1 of the Special Direction, to maintain current natural gas rates for all customers other than those with specified rates in their transportation service agreements, for a two-year period commencing January 1, 2012. FEVI proposes to utilize the surplus that will exist in the Rate Stabilization Deferral Account (RSDA) to allow for rates to remain unchanged for 2013;
- G. FEVI further seeks approval of its schedule of demand and commodity charges, forecast gross O&M expenditures and, pursuant to section 2.10 of the Special Direction, for its forecast cost of service, forecast capital expenditures, and forecast revenue as set out in the Application;
- H. The FEU seek, among other things, approvals including allocation of costs for shared services between the Companies; discontinuation, continuation, and creation of deferral accounts and the amortization and disposition of balances in deferral accounts; changes to depreciation rates; and pursuant to section 44.2 of the Act, for Energy Efficiency and Conservation (EEC) expenditures;
- I. In addition to the specific requests included in the Application for each of the Companies, the FEU are collectively applying for a Commission determination of the combined utility cost of service for 2013, subject to the Companies obtaining, at a later date, the necessary approvals to amalgamate. In the event that amalgamation proceeds, the combined cost of service will provide the basis for a harmonized rate structure for an amalgamated entity;
- J. The FEU propose a Workshop to review the Application be held on Wednesday, May 18, 2011, commencing at 1:00 pm, at the Commission Hearing Room on the 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, BC;
- K. The Companies propose that a Procedural Conference be held on Wednesday, June 15, 2011 at the Commission Hearing Room on the 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, BC, commencing at 9:00 am;
- L. The FEU believe the Application can be addressed efficiently and effectively through a negotiated settlement process, or in the alternative, by a written hearing process, and propose a draft Regulatory Timetable attached as Appendix A for discussion at the Procedural Conference;
- M. The Commission considers that establishing a Workshop to review the Application and a Procedural Conference to determine the appropriate regulatory process for the review of the Application is warranted.

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**NOW THEREFORE** the Commission orders as follows:

1. The FEU's request pursuant to section 89 of the Act for interim rates as proposed in the Application for 2012 will be addressed in a subsequent order to be issued following the Procedural Conference. The Commission will receive submissions on the proposed interim rates at the Procedural Conference.
2. A Workshop to review the Application will be held on Wednesday, May 18, 2011, commencing at 1:00 pm in the Commission Hearing Room on the 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, BC.
3. A Procedural Conference regarding the regulatory process for the review of the Application will be held on Wednesday, June 15, 2011, commencing at 9:00 am in the Commission Hearing Room on the 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, BC.
4. The Procedural Conference will address matters such as:
  - a. identification of principle issues arising from or related to the Application;
  - b. process options for review of the Application, including;
    - negotiated settlement process
    - written hearing
    - oral public hearing
    - or, as appropriate, some combination of the above
  - c. timetable (information requests, responses, intervener evidence, etc.);
  - d. interim rates;
  - e. location(s) of the proceedings;
  - f. other matters that will assist the Commission to efficiently review all aspects of the Application.

After the Procedural Conference, the Commission will issue a further procedural order and regulatory agenda for the review of the Application.

5. The FEU will publish, as soon as possible, in display-ad format, the Notice attached as Appendix B to this Order, in the Vancouver Sun, the Province, and such other appropriate local news publications as may properly provide adequate notice to customers served in the affected service areas.
6. The Application, together with any supporting materials, will be made available for inspection at the FortisBC Energy Utilities, 16705 Fraser Highway, Surrey, BC, V4N 0E8, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC, V6Z 2N3 and will also be available on the FortisBC Energy Utilities website at [www.fortisbc.com](http://www.fortisbc.com) and on the BCUC website at [www.bcuc.com](http://www.bcuc.com).

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7. Interveners or Interested Parties should register with the Commission, in writing or electronic submission, by Tuesday, May 17, 2011. Interveners should specifically state the nature of their interest in the Application and identify generally the nature of the issues that they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the review process.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 6<sup>th</sup> day of May of 2011.

BY ORDER

*Original signed by:*

D.A. Cote  
Panel Chair/Commissioner

Attachments

Application by the FortisBC Energy Utilities  
(comprising FortisBC Energy Inc., FortisBC Energy Inc. Fort Nelson Service Area, FortisBC Energy (Whistler) Inc.,  
and FortisBC Energy (Vancouver Island) Inc.)  
for Approval of 2012 and 2013 Revenue Requirements and Natural Gas Rates

**DRAFT**

**REGULATORY AGENDA AND TIMETABLE**

ACTION	DATE (2011)
Procedural Order (Notice of Workshop and Procedural Conference)	Tuesday, May 10
Registration of Interveners and Interested Parties	Tuesday, May 17
Workshop (commencing at 1:00 pm)	Wednesday, May 18
Participant Assistance/Cost Award Budgets	Tuesday, May 31
Commission Information Request No. 1 to FEU	Thursday, June 2
Intervener Information Request No. 1 to FEU	Thursday, June 9
Procedural Conference (Timetable and Process – commencing at 9:00 am)	Wednesday June15
FEU Response to Information Requests No. 1	Thursday, June 30
Commission Information Request No. 2 to FEU	Thursday, July 21
Intervener Information Request No. 2 to FEU	Thursday, July 21
FEU Response to Information Requests No. 2	Friday, August 19
Negotiated Settlement Process or Hearing if Required (proposed date range)	Tuesday, September 6 to Friday, September 30
FEU Final Argument Submissions	Friday, October 7
Intervener Final Argument Submissions	Friday, October 21
FEU Reply Argument Submissions	Friday, November 4

Workshop and Procedural Conference Location:  
Commission Hearing Room  
Twelfth Floor, 1125 Howe Street  
Vancouver, BC



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for Approval of 2012 and 2013 Revenue Requirements and Natural Gas Rates

**NOTICE OF WORKSHOP AND PROCEDURAL CONFERENCE**

	<b>WORKSHOP</b>
<b>Date:</b>	Wednesday, May 18, 2011
<b>Time:</b>	1:00 pm
<b>Location:</b>	Commission Hearing Room Twelfth Floor, 1125 Howe Street Vancouver, BC

	<b>PROCEDURAL CONFERENCE</b>
<b>Date:</b>	Wednesday, June 15, 2011
<b>Time:</b>	9:00 am
<b>Location:</b>	Commission Hearing Room Twelfth Floor, 1125 Howe Street Vancouver, BC

**THE APPLICATION**

On May 4, 2011, the FortisBC Energy Utilities (FEU or the Companies) filed an Application, pursuant to sections 59 to 61 of the *Utilities Commission Act* (the Act), for their combined Revenue Requirements for FortisBC Energy Inc. (FEI), the Fort Nelson Service Area of FEI (Fort Nelson), FortisBC Energy (Whistler) Inc. (FEW ), and FortisBC Energy (Vancouver Island) Inc. (FEVI), and for approval of interim and permanent natural gas rates effective January 1, 2012 and permanent rates effective January 1, 2013. In addition to the specific requests included in the Application for each of the Companies, the FEU are collectively applying for a Commission determination of the combined utility cost of service for 2013, subject to the Companies seeking and obtaining, at a later date in a future application, the necessary approvals to amalgamate. The combined cost of service will provide the basis for a harmonized rate structure for an amalgamated entity.

Among other things, the FortisBC Energy Utilities seek approval of the following for each of the Companies:

- FEI seeks approval of a natural gas delivery rate increase of 5.0 percent effective January 1, 2012 and a further 6.4 percent permanent increase effective January 1, 2013, representing an annual average lower mainland residential customer total bill increase of 2.4 percent in 2012 and a further 3.0 percent increase in 2013, and approval of the Rate Stabilization Adjustment Mechanism (RSAM) rider for applicable rate classes and approval of the cost allocation to Thermal Energy Services (previously referred to as Alternative Energy Services) as set out in the Application.

- FEI Fort Nelson seeks approval of a natural gas delivery rate increase of 6.5 percent effective January 1, 2012 and a further 1.6 percent permanent increase effective January 1, 2013, representing an annual average Fort Nelson residential customer total bill increase of 2.3 percent in 2012 and a further 0.6 percent increase in 2013, and approval of the RSAM rider for applicable rate classes as set out in the Application.
- FEW seeks approval of a natural gas delivery rate increase of 2.2 percent effective January 1, 2012 and a further 11.9 percent permanent increase effective January 1, 2013, representing an annual average residential customer total bill increase of 1.5 percent in 2012 and a further 7.1 percent increase in 2013, and approval of the RSAM rider for applicable rate classes as set out in the Application.
- FEVI seeks approval to maintain current natural gas rates for all customers except those with specified rates in their transportation service agreements, for a two-year period commencing January 1, 2012;
- The FEU seek other approvals including allocation of costs for shared services between the Companies; discontinuation, continuation, and creation of deferral accounts and the amortization and disposition of balances in deferral accounts; changes to depreciation rate; and pursuant to section 44.2 of the Act, for Energy Efficiency and Conservation (EEC) expenditures.

## **THE REGULATORY PROCESS**

British Columbia Utilities Commission (Commission) Order G-81-11 has established a Workshop, a Procedural Conference and a Preliminary Regulatory Timetable for the regulatory review of the Application.

The detailed Regulatory Timetable can be reviewed on the Commission's website at [www.bcuc.com](http://www.bcuc.com)>Current Applications>.

FEU will hold a Workshop on Wednesday, May 18, 2011 commencing at 1:00 pm in the Commission Hearing Room on the 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, BC

The Commission will hold a Procedural Conference regarding the further regulatory process for the review of the Application on Wednesday, June 15, 2011 commencing at 9:00 am in the Commission Hearing Room on the 12<sup>th</sup> Floor, 1125 Howe Street, Vancouver, BC.

## **REGISTERING TO PARTICIPATE**

Persons who wish to actively participate in this proceeding should register as Interveners with the Commission in writing by Tuesday, May 17, 2011, and should identify the issues that they intend to pursue as well as the nature and extent of their anticipated involvement in the review process indicating whether they plan to attend either or both the Workshop and/or the Procedural Conference. Interveners will receive email notice of all correspondence and filed documents. An e-mail address should be provided if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties with the Commission in writing, by Tuesday, May 17, 2011 identifying their interest in the Application. Interested Parties will receive an Executive Summary of the Application and a copy of the Commission's Decision when issued.

**PUBLIC INSPECTION OF DOCUMENTS**

The Application and supporting material will be made available for inspection at the following locations:

**FortisBC Energy Utilities**  
16705 Fraser Highway  
Surrey, BC V4N 0E8

**British Columbia Utilities Commission**  
Sixth Floor, 900 Howe Street  
Vancouver, BC V6Z 2N3

The Application and supporting material are also available for viewing on the following web sites:

[http:// www.fortisbc.com](http://www.fortisbc.com)

<http:// www.bcuc.com>

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission's website.

**FURTHER INFORMATION**

For further information, please contact Ms. Alanna Gillis, Acting Commission Secretary, as follows:

Telephone: (604) 660-4700  
Fascimile (604) 660-1102

BC Toll Free: 1-800-663-1385  
E-mail: [Commission.Secretary@bcuc.com](mailto:Commission.Secretary@bcuc.com)